

COUNCIL MEETING – 11TH APRIL 2019

AGENDA ITEM NO. 5 (2)

PAY POLICY STATEMENT

A report from the meeting of the Licensing, Audit and General Purposes Committee on 25th March 2019.

1. BACKGROUND & INTRODUCTION

- 1.1 Under the Localism Act 2011, the Council is required to consider and approve a pay policy statement for the financial year. The Council's pay policy statement for 2019-20 is set out in Appendix A.
- 1.2 The Act sets out a clear expression of the Government's desire that taxpayers can access information about how public money is spent on their behalf. It translates this into a requirement for improved transparency over both senior council officers pay and that of the lowest paid employees. To support this, the Act requires publication of an annual pay policy statement, which must be agreed by the Council.
- 1.3 The Act sets out specific information that must be included in the Pay Policy Statement as follows:
 - the pay framework, level and elements of remuneration for Chief Officers
 - the pay framework and remuneration of the 'lowest paid' employees
 - the relationship between the remuneration of the Chief Officer and other officers
 - other policies relating to specific aspects and elements of remuneration such as pay increases, other allowances or payments, pension and termination payments.

2. DETAILS OF THE STATEMENT

- 2.1 The Pay Policy Statement contains two main components. It sets out the framework within which pay is determined in Rushmoor Borough Council and it provides an analysis comparing the remuneration of the Chief Executive with other employees of the authority.
- 2.2 The comparisons included within the paper, look at the ratio between the Chief Executive and the full time equivalent salary for a permanent member of staff employed in the lowest grade within the structure. The ratio for 2019/20 is 6.7:1, this is a small change on the previous year's ratio of 7:1. For members information the pay policy statement for 2018/19 is attached for comparison purposes at Appendix B.

2.3 The second ratio included within the analysis, looks at the relationship between the median remuneration of all staff compared to the Chief Executive. There has been no change to this ratio since the last statement and it remains at 3.8:1.

3. RECOMMENDATION

3.1 The Council is recommended to agree the Pay Policy Statement for 2019/20 set out in Appendix A.

J.E. WOOLLEY
CHAIRMAN OF THE LICENSING, AUDIT AND
GENERAL PURPOSES COMMITTEE

BACKGROUND DOCUMENTS:

Communities and Local Government Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/59562/091042.pdf

Communities and Local Government Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act Supplementary Guidance

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85886/Final_Supplementary_Pay_Accountability_Guidance_20_Feb.pdf

Rushmoor Borough Council **Pay Policy Statement for the Financial Year 2019-20**

Purpose

The purpose of this pay policy statement is to set out Rushmoor Borough Council's (RBC's) policies relating to the pay of its workforce for the financial year 2019-20, in particular: -

- a) the remuneration of its Chief Officers
- b) the remuneration of its "lowest paid employees"
- c) the relationship between
 - the remuneration of its Chief Officers
 - the remuneration of its employees who are not Chief Officers

Definitions

For the purpose of this pay policy statement, the following definitions will apply: -

"Chief Officer" refers to the following roles within RBC: -

- Chief Executive, as Head of Paid Service*
- Executive Directors
- Heads of Service

The **"lowest paid employees"** refers to permanent or fixed-term staff employed at Grade 1 of the pay scale. Grade 1 is the lowest grade.

An **"employee who is not a Chief Officer"** refers to all permanent or fixed-term staff who are not within the "Chief Officer" group above, including the "lowest paid permanent employees" i.e. staff on Grade 1.

Remuneration of the "lowest paid employees" and "all other employees who are not Chief Officers"

Pay framework

Pay for the "lowest paid employees" and "all other employees who are not Chief Officers" is determined by the National Joint Council for Local Government Services and in line with the council's Pay and Reward Policy.

Not included in the definitions referred to above, there is a small and fluctuating number of 'casual' staff, some of whom receive lower salaries in accordance with minimum wage legislation.

The employment of casual staff recognises the need to have a small team of trained and available workers who can be deployed at short notice to assist with seasonal and emergency requirements. This approach enables the organisation to have an efficient

and economic response to workload demands but without the need to incur unnecessary costs or to rely upon employment agencies. The use of casual contracts is regularly reviewed and staff engaged in this way are encouraged to apply for permanent roles when they become available.

The only other group employed by the Council who are excluded from the pay comparison data are apprentices. The apprentices are employed for a designated period during which time they are provided with on and off job training alongside the opportunity to gain valuable experience within a working environment. For this reason, the salary comparison would not be relevant.

The Pay and Reward Policy was implemented in April 2007 in line with National guidance, with the grade for each role being determined by a consistent job evaluation process. This followed a national requirement for all Local Authorities, and a number of other public sector employers, to review their pay and grading frameworks to ensure fair and consistent practice for different groups of workers with the same employer. The NJC framework for Job Evaluation was up-dated during 2013 and appropriate revisions made to the procedure for collecting data for evaluation to streamline the process and assist with pay comparability within Rushmoor Borough Council.

The Council's grading structure is based on the NJC terms and conditions using the national spinal column points with the addition of a number of spinal column points at the top of the scale. There are 10 grades (1 – 7, Head of Service, Director and Chief Executive) in the pay framework, grade 1 being the lowest and grade 7 the highest (for those below Chief Officer). Each employee will be on one of the 10 grades based on the job evaluation of their role and the grading structure has been in place since 1998.

Each grade has a number of incremental steps and employees can progress along the salary range to the maximum of their grade, subject to assessment of their performance.

Pay awards for those staff up to and including Grade 7 are determined directly from the negotiations held between the Local Government Employers and the recognised Trades Unions. Since the implementation of the Council's pay framework, the same percentage award has been applied to Chief Officers.

It should be noted that on 3rd September 2013, Cabinet made a decision to adopt the Foundation Living Wage Scheme, and hence the minimum wage in Rushmoor has reflected this. From 1st April 2019, the NJC pay rates will align with the Living Wage and hence this adjustment will no longer be necessary.

The analysis used for this report draws upon the pay rates as at 1st April 2019.

The remuneration of the "lowest paid employees" includes the following elements: -

- Salary

- Any allowance or other contractual payments in connection with their role

See below for comments on each element

Salary

Each “lowest paid permanent employee” is paid within the salary range for Grade 1.

Details of the Council’s grades and salary ranges are available on the website.

The normal starting salary for new employees will be at the entry point for the grade. However, at the appointing managers discretion, based on their assessment of skills and experience employees may commence at a higher grade point.

Other payments and allowances

Any allowance or other payments will only be made to staff in connection with their role or the patterns of hours they work and must be in accordance with the Pay and Reward policy. In a small number of roles where significant recruitment difficulties are experienced, a market supplement is paid. Market supplements are reviewed annually to ensure they are still required.

Further details of such allowances and payments are available on request.

Progression within the salary scale

The Council has a performance management and development review scheme in place. This embraces a number of elements including a joint review of performance, sharing organisational/team goals and agreeing future plans. Progression through the incremental scale appropriate to the grade is dependent upon performance being assessed as satisfactory by the staff member’s line manager.

In exceptional cases where staff members have consistently delivered exceptional performance, more than one incremental point may be awarded, with the approval of the Head of Service.

Pension

All Rushmoor Borough Council staff are eligible to join the Local Government Pension Scheme. There is automatic enrolment procedure in place to encourage membership of the scheme.

Severance Payments

Any severance payments will be in line with the Council’s adopted policies on Organisational Change and MARS (Mutually Agreed Resignation Scheme). Further details are available on request.

Remuneration of Chief Officers

Pay framework

“Chief Officers” refers to the Chief Executive, Executive Directors and Heads of Service.

This group of “Chief Officers” are paid on locally determined pay scales outside of the NJC agreement. These pay scales were created by extending the NJC spinal column points, and since the implementation of the Pay and Reward policy, these Chief Officers have received the same annual percentage pay award as all other employees within the Council.

Salary

Salaries of the Council’s Chief Officers are published on the council’s website.

The normal starting salary for new employees will be at the entry point for the grade., However, at the appointing managers discretion, based on their assessment of skills and experience employees may commence at a higher grade point.

Other allowances or payments

Any allowance or other payments will only be made to employees in connection with their role or the patterns of hours they work and must be in accordance with the Council’s Pay and Reward policy.

The Chief Executive is appointed by the Council to act as the Returning Officer at the election of councillors for the Borough and as acting Returning Officer at Parliamentary Elections. The additional fees associated with these functions will be paid in accordance with those set nationally or locally through the Hampshire and Isle of Wight Elections Fees Working Party.

Within the fees structure for elections, provision is made for payments to staff for specific duties. These payments are also made in accordance with nationally set rates or locally through the Hampshire and Isle of Wight Election Fees Working Party. Details are available on request.

Further details of such allowances and payments are available on request.

Progression within the salary scale

Progression through the incremental scale appropriate to the grade is dependent upon performance being judged as satisfactory or higher at the end of the review year.

Pension

All employees are eligible to join the Local Government Pension Scheme but the value of these benefits has been excluded from the figures used for pay comparison purposes.

Severance Payments

Any severance payments will be in line with the Council's policy for Organisational Change or MARS scheme and further details are available on request.

The relationship between remuneration of highest and lowest paid employees of the Council.

There are a number of different ways of presenting this information to provide a rounded picture of pay comparisons within the organisation.

The lowest, median and highest salaries as at 1st April 2019 are as follows:

Lowest:	£18,065
Median	£32,029
Highest	£120,915

By simply taking the salary of those permanently appointed employees paid on the lowest grade of the council's pay structure and comparing this with the Chief Executive a pay ratio of **1:6.7** emerges. This is a slight change on the previous year's ratio, which was **1: 7**

The Hutton Report (2010) that looked at the relationship between pay levels in the public sector recommended that organisations should comply with a maximum pay multiple of **1:20**. Rushmoor is well below that ratio.

An alternative approach would be to compare the Chief Executive's salary against the median salary. This equates to a ratio of **1:3.8**. There is no change to this ratio, which has remained the same as 2018/19.

Conclusion

There has been no significant movement over the last 12 months. These results indicate that there is no cause for concern regarding the ratio between the pay rates for staff and the Chief Executive.

Rushmoor Borough Council **Pay Policy Statement for the Financial Year 2018-2019**

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- c) the relationship between
 - the remuneration of its Chief Officers
 - the remuneration of its employees who are not Chief Officers

Data on salaries, job roles and statistics contained within the statement are as at 1st April 2018.

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For the purpose of this pay policy statement, the following definitions will apply: -

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There are a number of different ways of presenting this information to provide a rounded picture of pay comparisons within the organisation.

The lowest, median and highest salaries as at 1st April 2018 were as follows:

Lowest:	£17,007
Median	£31,401
Highest	£118,626

By simply taking the salary of those permanently appointed employees paid on the lowest grade of the council's pay structure and comparing this with the Chief Executive a pay ratio of **1:7** emerges. This is the same ratio as for the last report in 2017-18.

The Hutton Report (2010) that looked at the relationship between pay levels in the public sector recommended that organisations should comply with a maximum pay multiple of **1:20**. Rushmoor is well below that ratio.

An alternative approach would be to compare the Chief Executive's salary against the median salary. This equates to a ratio of **1:3.8** which is the same ratio as last year.

There has been no significant movement over the last 12 months. These results indicate that there is no cause for concern regarding the ratio between the pay rates for staff and the Chief Executive.